

WHEN TRADE POLICY HITS THE BALANCE SHEET

TARIFFS AND THE NEW BANKRUPTCY LANDSCAPE

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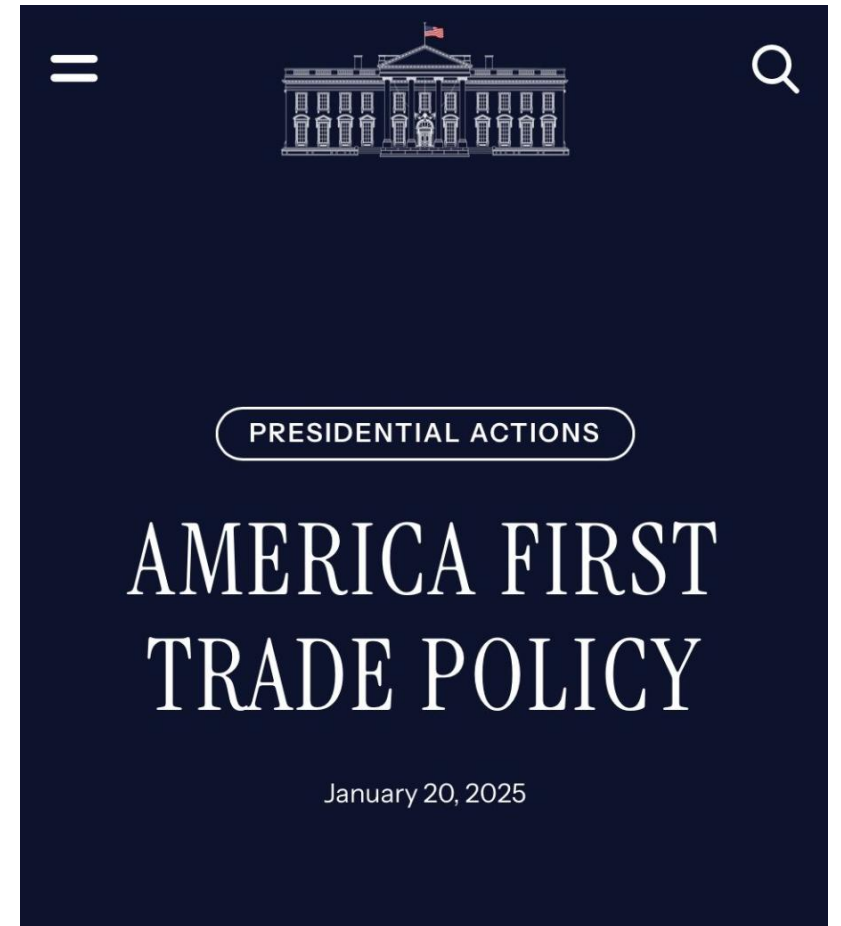


TARIFF SECTION



How We Got Here (or There's a Strategy, Right?)

- Objectives
 - Protect the U.S. economy
 - Leverage foreign market access
 - Address pressing geopolitical issues and other policy goals
- Tactics
 - Pursue reciprocity with trading partners and reduce bilateral trade deficits
 - Support and incentivize domestic manufacturing
 - Raise revenue for the federal government



Tariff Legal Authorities

~~IEEPA~~

The International Emergency Economic Powers Act

Country-Specific and Global Tariffs

Authorizes the President to “regulate ... importation or exportation of ... any property in which any foreign country or a national thereof has any interest by any person” after declaring an emergency.

Has been used to impose targeted measures:

- “Corruption” Tariffs
- “Russian Oil” Tariffs
- “Fentanyl” Tariffs
- Venezuela, Cuba, Iran Threats

As well as broader measures:

- “Reciprocal” Tariffs

Section 232

of the Trade Expansion Act of 1962

Sector-Specific Tariffs

Authorizes the President to “adjust imports of an article and its derivatives” that are being imported “in such quantities or under such circumstances as to threaten to impair the national security.”

Measures In Place:

- Aluminum, Autos/Parts, Copper, Steel, Timber/Lumber, Trucks/Parts

Completed Investigations:

- Semiconductors, Critical Minerals

Pending Section 232 Investigations:

- Commercial Aircraft, Medical Equipment, Pharmaceuticals, Polysilicon, Unmanned Aircraft, Wind Turbines, Medical Equipment, Robotics & Industrial Machinery

Section 301

of the Trade Act of 1974

Country-Specific Tariffs

Authorizes USTR to “impose duties or other import restrictions” in cases where “an act, policy, or practice of a foreign country” violates trade agreements or burdens commerce.

Measures In Place:

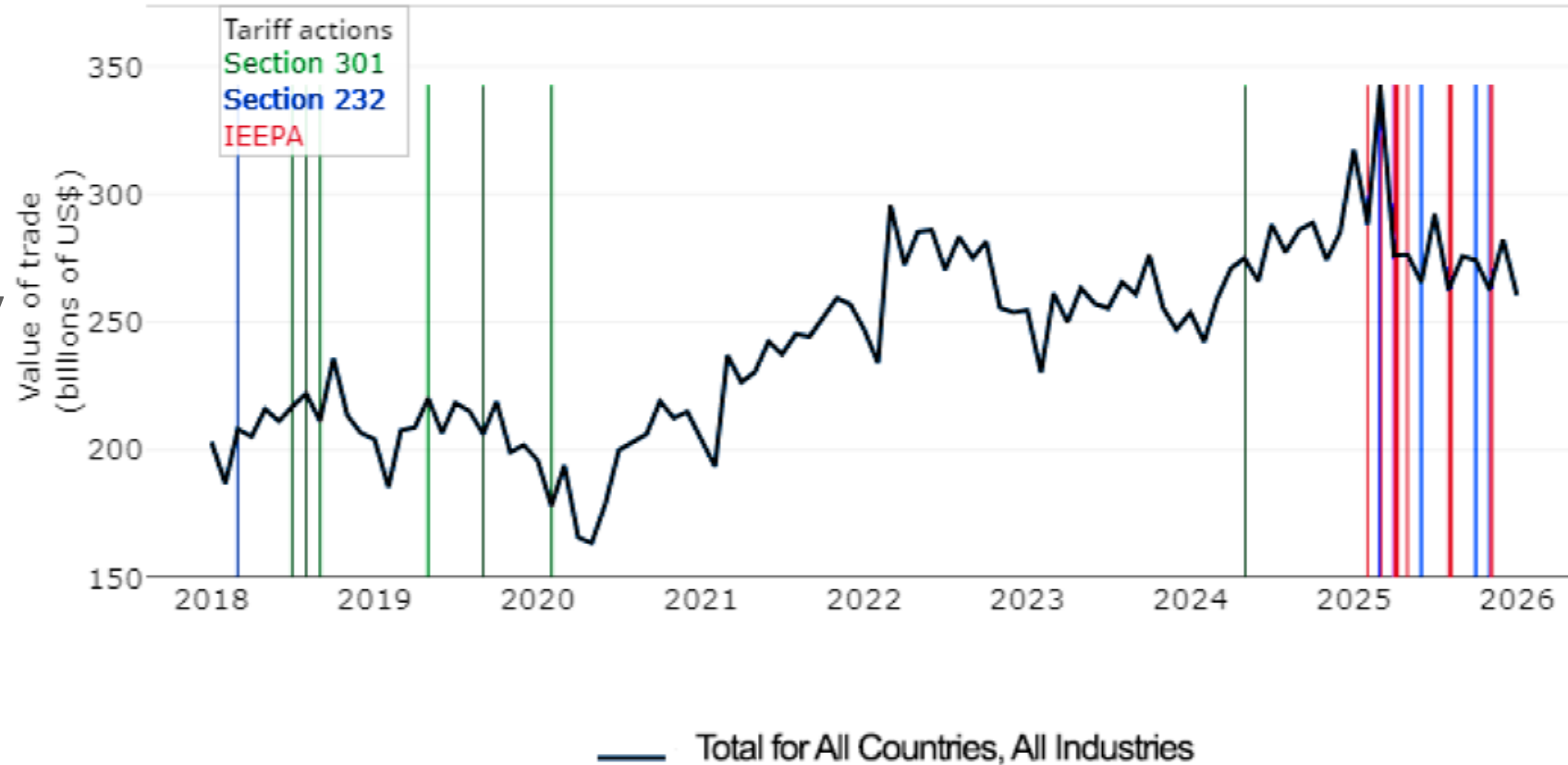
- Chinese IP/Tech Transfer
- Chinese Shipbuilding (recently suspended)

Pending Section 301 Investigations:

- Nicaragua (labor/human rights)
- Brazil (trade/IP, corruption)
- China (Phase One Agreement noncompliance)
- Multiple Countries (drug prices) (*rumored*)

IEEPA Tariff Impacts on Trade Flows

- All goods
- All countries
- Significant variability
- Limited exceptions



IEEPA Tariffs: How to Unwind the Past 10 Months?

VOS Selections v. United States (Supreme Court) – decided February 20, 2026

- Tariffs not authorized under IEEPA (“Major Questions” doctrine)

Practical effects on nearly **\$200B in IEEPA tariff revenue**

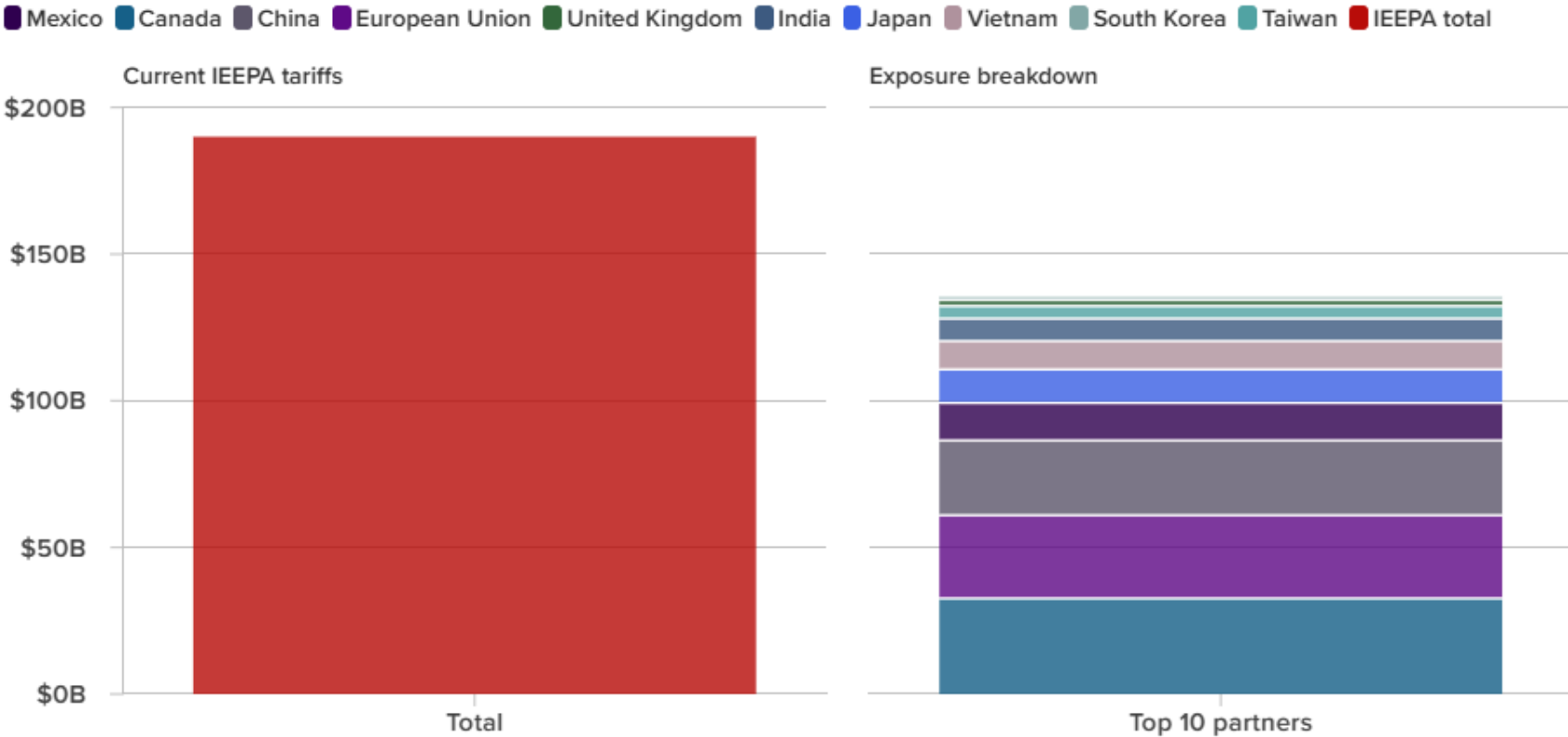
- Scope of remedy (refunds)
- Timing and process for refunds
- **Commercial/contractual implications**

What comes next?

- Section 122 – 10% across the board until July 24, 2026 (?)
- Continued suspension of *de minimis* treatment for low-value shipments

The Post-IEEPA Tariff Landscape

The Post-IEEPA Landscape – Country-Specific Tariffs



Source: [United States International Trade Commission](#), Federal Register, GeoEconomics Center Calculations • Approximations based on total imports from each country and commodity in 2024, weighted by each *ad valorem* tariff rate added during Trump's second term. Excludes imports of exempt commodities as outlined in the Federal Register and Harmonized Tariff Schedule. Import data analyzed at the HTSUS-8 level.

Tariff Impacts on Business

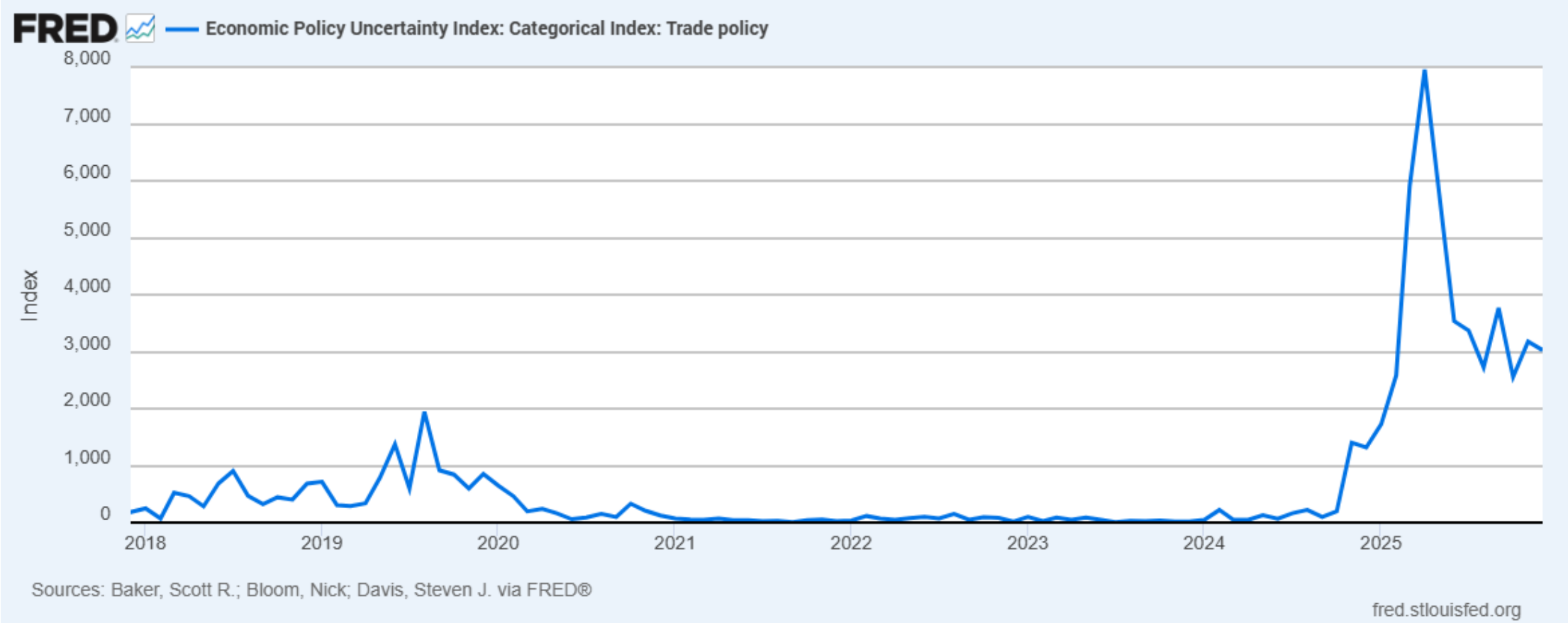
- Customer exposure to tariff-sensitive goods
 - Higher costs/margin squeeze and longer lead times
 - More working capital tied up in inventory
 - Cash flow **uncertainty** due to challenges projecting **tariff liability, refunds,** and extended enforcement
- Supply chain diversification efforts
 - Long-term planning **uncertainty**
 - “Make or buy,” reshoring, and emerging market risk considerations
- Policy announcements affecting broad industry sectors
 - **Uncertainty** regarding scope, timing and implementation, and duration

Tariff Impacts on the Credit Market

- Increased credit risk in import-dependent sectors
- Impacts on financing strategies

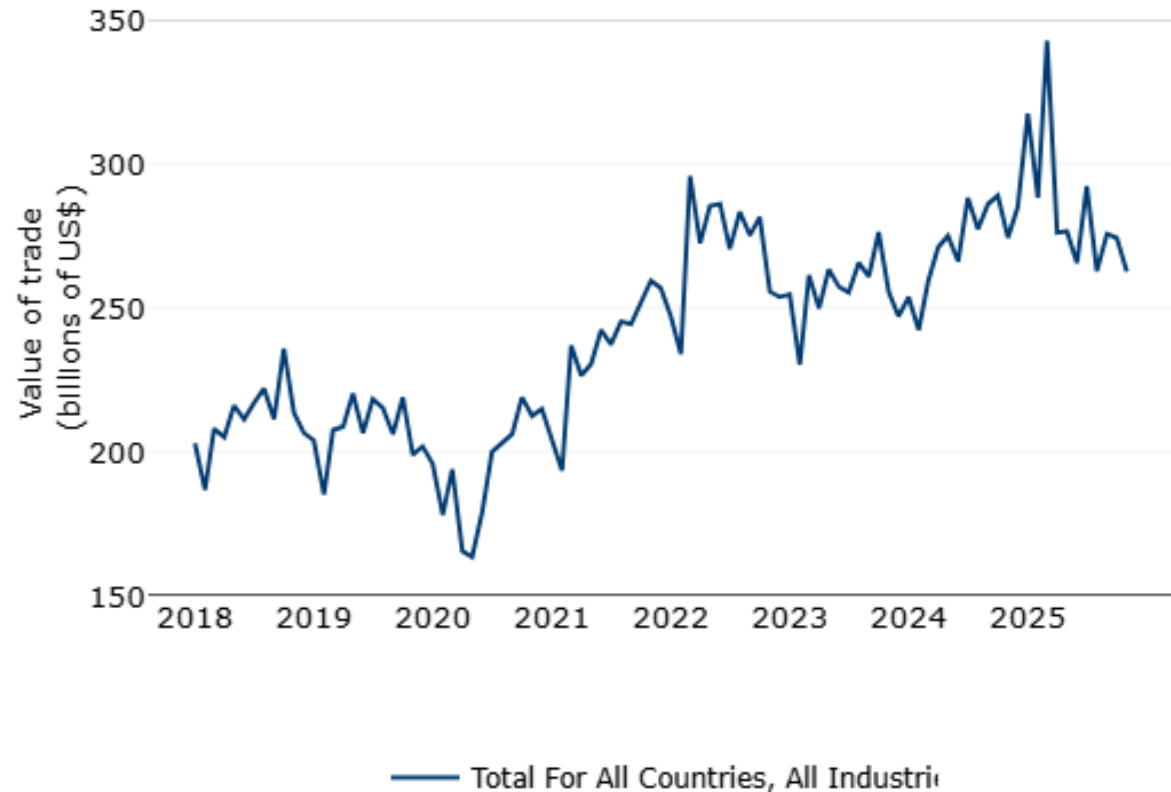
High Exposure	Medium Exposure	Low Exposure
Retail importers	Food & beverage (import-heavy)	Domestic manufacturing
Electronics	Apparel & footwear	Services sectors
Furniture & home goods	Pharmaceutical ingredients (mixed)	U.S.-based supply chains
Auto parts	Agriculture inputs (imported)	Low-import firms

Looking Ahead: Trade Uncertainty



Looking Ahead: Trade Flows

Is the market pricing in expectations of high tariffs as a long-term structural component?



BANKRUPTCY SECTION



Tariff Impacts on Bankruptcy Filings

- Corporate bankruptcies **rose 14% in 2025**; highest level since 2010
- Cases blame new tariff regime as key factor in the filing:
 - **At Home Group, Inc.** (June 16, 2025 filing) - : “while At Home has had to deal with tariffs for some time given the nature of its business... **newly imposed tariffs and the uncertainty of ongoing U.S. trade negotiations intensified the financial pressure on the Company, accelerating the need for a comprehensive solution.**”
- Trend of citing to tariffs and trade wars has carried over into 2026:
 - Eddie Bauer (February 2026) – elevated tariffs contributed to eroding margins and led to significant negative earnings that precipitated the bankruptcy filing

Recent Filings that Cite to Tariffs

Company	Petition Date	Sector
At Home Group	6/16/25	Consumer Discretionary
Claire's	8/6/25	Consumer Discretionary
First Brands Group	9/24/25	Consumer Discretionary
Pine Gate Renewables	11/6/25	Utilities
American Signature	11/22/25	Consumer Discretionary
iRobot	12/14/25	Consumer Discretionary
Fat Brands	1/26/26	Consumer Discretionary
STG Logistics	1/12/26	Industrials
Saks Fifth Ave.	1/13/26	Consumer Discretionary
Eddie Bauer	2/9/26	Consumer Discretionary

Potential Bankruptcy Implications

- Will Supreme Court decision eliminate the impact on filings?
 - Refunds could provide increased value for creditors of companies already in bankruptcy
 - Increased litigation risks from consumers
 - Refunds as short term band aid for troubled companies
 - Companies in manufacturing, retail and other import-heavy businesses likely to continued to be most impacted
 - Increased uncertainty on what's next and continued volatility

Questions?



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